

**Introduced by Senator Speier**

February 19, 2004

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An act to amend Section 14105.19 of the Welfare and Institutions Code, relating to Medi-Cal.

LEGISLATIVE COUNSEL'S DIGEST

SB 1430, as introduced, Speier. Medi-Cal: provider rate reductions.

Existing law provides for the Medi-Cal program, administered by the State Department of Health Services, under which qualified low-income persons receive health care services. Existing law provides for the reimbursement of providers under the Medi-Cal program.

Existing law requires the department to administer various health programs, including the California Children's Services Program, Genetically Handicapped Person's Program, Breast and Cervical Cancer Early Detection Program, State-Only Family Planning Program, and Family Planning, Access, Care, and Treatment (Family PACT) Waiver Program. Existing law generally requires that provider rates of payment for health care services rendered in these programs be identical to the rates of payment under the Medi-Cal program.

Existing law requires, until January 1, 2007, that the director reduce provider payments for the Medi-Cal program and these non-Medi-Cal programs, by 5%, with certain exceptions.

This bill would make a technical, nonsubstantive change to this provision.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 14105.19 of the Welfare and  
2 Institutions Code is amended to read:
- 3 14105.19. (a) Due to the significant state budget deficit  
4 projected for the 2003–04 fiscal year, and in order to implement  
5 changes in the level of funding for health care services, the  
6 Director of Health Services shall reduce provider payments as  
7 specified in this section.
- 8 (b) (1) Payments shall be reduced by 5 percent for Medi-Cal  
9 program services for dates of service on and after January 1, 2004.
- 10 (2) Payments shall be reduced by 5 percent for non-Medi-Cal  
11 programs described in Section 14105.18, for dates of service on  
12 and after January 1, 2004.
- 13 (3) The payments made to managed health care plans shall be  
14 reduced by the actuarial equivalent amount of 5 percent at the time  
15 of the plan's next rate determination.
- 16 (4) Reductions to payments for durable medical equipment  
17 shall be made at the discretion of the director. If any reduction is  
18 made pursuant to this paragraph, the reduction may not exceed 5  
19 percent.
- 20 (c) The services listed below shall be exempt from the payment  
21 reductions specified in subdivision (b):
- 22 (1) Acute hospital inpatient services.
- 23 (2) Federally qualified health clinic services.
- 24 (3) Rural health clinic services.
- 25 (4) Outpatient services billed by a hospital.
- 26 (5) Payments to state hospitals or developmental centers.
- 27 (6) Payments to long-term care facilities as defined by the  
28 department, including, but not limited to, freestanding nursing  
29 facilities, distinct-part nursing facilities, intermediate care  
30 facilities for developmentally disabled individuals, subacute care  
31 units of skilled nursing facilities, rural swing beds, ventilator  
32 weaning services, special treatment program services, adult day  
33 health care centers, and hospice room and board services.
- 34 (7) Clinical laboratory or laboratory services, as defined in  
35 Section 51137.2 of Title 22 of the California Code of Regulations.
- 36 (8) Contract services, as designated by the Director of Health  
37 Services pursuant to subdivision (e).



1 (9) Supplemental reimbursement provided pursuant to  
2 Sections 14105.27, 14105.95, and 14105.96.

3 (d) Subject to the exception for services listed in subdivision  
4 (c), the payment reductions required by subdivision (b) shall apply  
5 to the services rendered by any provider who may be authorized  
6 to bill for the service, including, but not limited to, physicians,  
7 podiatrists, nurse practitioners, certified nurse midwives, nurse  
8 anesthetists, and organized outpatient clinics.

9 (e) Notwithstanding Chapter 3.5 (commencing with Section  
10 11340) of Part 1 of Division 3 of Title 2 of the Government Code,  
11 the department may implement this section by means of provider  
12 bulletin, or similar instruction, without taking regulatory action.

13 (f) The department shall promptly seek all necessary federal  
14 approvals in order to implement this section, including necessary  
15 amendments to the state plan.

16 (g) This section shall remain in effect only until January 1,  
17 2007, and as of that date is repealed, unless a later enacted statute,  
18 that is enacted before January 1, 2007, deletes or extends that date.

